TARIFF ACTION MEMORANDUM

Date: May 7, 2020

File No.: TA428-32

Date Filed: March 31, 2020

Statutory End Date: May 15, 2020

Utility: Homer Electric Association, Inc.

Description: Quarterly COPA and SFPPR Update

Synopsis of Filing:
Homer Electric Association, Inc. submits its quarterly Cost of Power Adjustment and Small Facility Power Purchase Rate update for the period beginning April 1, 2020.

Tariff Recommendation:

The Commission should approve Tariff Sheet Nos. 86 and 87.1, filed March 31, 2020, by Homer Electric Association, Inc. with TA428-32, as shown on the attached side-by-side tariff sheets (LHW-1). The effective date of the tariff sheets should be April 1, 2020.

Reason(s) for the above-indicated recommendation: See attached memorandum.

Signed: Lisa Weimer
Lisa Weimer

Title: Utility Tariff Analyst

Commission decision regarding this recommendation:

	Date (if different from 5/7/2020)	I CONCUR	I DO NOT CONCUR	I WILL WRITE A DISSENTING STATEMENT*
Pickett		RMP		
McAlpine		SM SM		
Scott		AGS AGS		
Sullivan		DS DS		
Wilson		JW JW		

* If this column is initialed, Staff will contact the Commissioner for the statement; otherwise, the dissent will simply be noted at the close of the By Direction letter or order.

STATE OF ALASKA
The Regulatory Commission of Alaska
701 West 8th Ave., Suite 300
Anchorage, Alaska 99501-3469

M E M O R A N D U M

To: Robert M. Pickett, Chairman
Stephen McAlpine
Antony Scott
Daniel A. Sullivan
Janis W. Wilson

Date: May 7, 2020

From: Lisa Weimer, Utility Tariff Analyst

Subject: TA428-32, Homer Electric Association, Inc.
Quarterly COPA and SFPPR Update

STATEMENT OF CASE

Homer Electric Association, Inc. (HEA) submits its quarterly Cost of Power Adjustment (COPA) and Small Facility Power Purchase Rate (SFPPR) update for the period beginning April 1, 2020.

RECOMMENDATION

The Commission should approve Tariff Sheet Nos. 86 and 87.1, filed March 31, 2020, by HEA with TA428-32, as shown on the attached side-by-side tariff sheets (LHW-1). The effective date of the tariff sheets should be April 1, 2020.

BACKGROUND

HEA is a member-owned cooperative providing electric service to customers on the Kenai Peninsula.[1] HEA is the owner and sole member of Alaska Electric & Energy Cooperative, Inc. (AEEC), and AEEC is the all-requirements provider of wholesale generation and transmission service to HEA.[2] HEA's load is met with energy generated by AEEC.[3] As

[1] HEA has 27,043 residential customers, 3,529 general service customers, 466 large general service customers, and 4 industrial customers. *See* tariff advice letter for TA428-32, filed March 31, 2020, at page 1.

[2] The Wholesale Power and Resource Agreement between AEEC and HEA expires December 31, 2050. *See* Order No. U-11-101(2), issued February 3, 2012. *See also* Order No. U-01-104(1), issued June 19, 2002, and Order No. U-01-104(2), issued December 9, 2002.

[3] AEEC currently supplies power to HEA from the Nikiski Combine Cycle Plant, the Soldotna Combustion Turbine Plant, the Bernice Lake Power Plant, and from its 12% share of the Bradley Lake hydroelectric facility. With the exception of AEEC's 12% share of Bradley Lake Hydroelectric Project power, AEEC's generation portfolio is dependent on natural gas to produce the power needed to serve its wholesale member-customers. AEEC procures natural gas supplies for generating electricity for its wholesale member-customers through a base supplier Gas Sales and Purchase Agreement (GSA) between the supplier and AEEC. The GSA between Furie Operating Alaska, LLC ("Furie") and AEEC, approved by the Commission in Letter Order L1500608, and Amendment 6 approved in Letter Order L1900386, expired on December 31 2019. The Commission approved a new GSA between Hilcorp Alaska, LLC (Hilcorp) and AEEC in Letter Order L1900342, dated September 13, 2019. Beginning January 1, 2020, Hilcorp began supplying natural gas to AEEC. The term of this GSA is January 1, 2020 through March 31, 2024.

shown on HEA's Tariff Sheet No. 86, HEA recovers the fuel and purchased power costs of AEEC through its COPA surcharge.[4]

HEA now submits TA428-32, its quarterly COPA update for the period beginning April 1, 2020. In accordance with historic Commission practice,[5] a publication notice was not issued for TA428-32.

ANALYSIS

COPA

Proposed revisions to the COPA surcharge are reviewed under 3 AAC 52.504, which requires information supporting entries in the balancing account for the historical period, and support for projections for the future period.[6] Calculation of HEA's COPA consists of four parts. The first part includes a 2-month estimate of kWh sales and power costs from AEEC. HEA submitted supporting documentation for the estimated entries of February 2020 and March 2020. The second part includes projected credit for billings to special contracts.[7] HEA submitted documentation for credits for the period April through June 2020. The third part includes a credit for revenues from Economy Energy Sales.[8] HEA reported zero Economy Energy Sales for November 2019 through January 2020. The fourth part includes documentation for the actual balancing account entries for November 2019 through January 2020 and HEA's estimated balancing account balance for March 31, 2020.[9] HEA provided actual usage, generation, cost, and sales data for the period of November 2019 through January 2020, including invoices and spreadsheets supporting the balancing account entries.

Balancing Account Balance Adjustments

3 AAC 52.504(i) provides that an electric utility may request the correction or adjustment of actual entries in the COPA balancing account for a one year period. The utility must describe, quantify, and justify each proposed adjustment.

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[4] *See* HEA Tariff Sheet No. 86, attached as Appendix 1, at page 1. HEA's base cost of power is set at $0.00 per kWh, resulting in all approved fuel and purchased power costs being recovered exclusively through the COPA surcharge. *See* Order No. U-10-097(12), issued December 9, 2011.

[5] One reason the Commission forgoes publication notice for COPA filings is 3 AAC 52.504(d) which states "[f]or a COPA filing under (b) of this section, an electric utility is not required to give public notice under AS 42.05.411…" This allows a utility to implement a COPA upon filing, rather than waiting the 45 days specified in AS 42.05.411 to ensure adequate notice to the public of a tariff revision.

[6] *See* 3 AAC 52.504(g), *Filing Requirements for Electric Utilities*. This support includes invoices, records, reports, calculations, contracts and any other information the Commission and Staff consider necessary to explain the proposed COPA calculation.

[7] *See* HEA Tariff Sheet No. 86, at Section G(1)(d), and HEA Tariff Sheet No. 90.

[8] *Id*, at Section G(1)(c).

[9] In 1991, HEA obtained Commission approval to use an estimated balancing account balance in its COPA calculation. See TA127-32, effective May 1, 1991.

CINGSA Tax Credit

HEA proposes an adjustment of ($17,218.12) in January 2020 related to the FY19 Tax Credit from Cook Inlet Natural Gas Storage Alaska, LLC (CINGSA). HEA provided a copy of the CINGSA invoice with the Tax Credit.[10] The CINGSA tax credit adjustment is filed annually with HEA's second quarter COPA filings.[11] Section 35.6 of CINGSA's tariff provides that each year it will compute and disperse to its Firm Storage Service (FSS) customers a prorated annual portion of a $15 million Tax Credit.[12] Staff notes that this tax credit will only go through the end of 2021. It will be based on each FSS customer's pro rata share of the storage capacity during the calendar year. The pro rata share will be derived from the customers' Maximum Storage Quantity (MSQ) applied as each customer's monthly average MSQ, divided by the average of total monthly MSQ. That percentage is then multiplied by the annual portion of the Tax Credit amount.[13] Staff notes that the adjustment places downward pressure on HEA's actual balancing account balance. Staff reviewed the support provided by HEA and believes the adjustment has been justified and supported. Therefore, Staff recommends the Commission allow the adjustment to HEA's balancing account balance.

Bradley Lake FY19 Surplus Refund

HEA proposes an adjustment of ($284,528.72) for its portion of the surplus revenues from Bradley Lake. The Bradley Lake Surplus Revenue Refund is an annual refund that distributes the Bradley Lake revenue surplus per the decision of the Bradley Lake Project Management Committee (Committee). On January 24, 2020, the Committee decided to distribute the FY19 revenue surplus.[14] HEA provided a copy of the Committee's FY19 Refund of Surplus accounting calculations.[15] HEA also provided a copy of the letter from Alaska Energy Authority (AEA) describing and quantifying the refund.[16] Staff notes that the adjustment places downward pressure on HEA's actual balancing account balance. Staff reviewed the support provided by HEA and believes the adjustment has been justified and supported. Therefore, Staff recommends the Commission allow the adjustment to HEA's balancing account balance.

Battle Creek FY19 Surplus Refund

HEA proposes a refund of ($399,827.28) in January 2020 for its portion of the FY19 Battle Creek Participating Utilities contribution. HEA provided a copy of the Committee's FY19 Refund accounting calculations.[17] HEA also provided a copy of the letter from AEA

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[10] *See* support filed with TA428-32, at Exhibit 4, page 57.

[11] *See*: TA415-32, filed March 13, 2019; TA407-32, filed March 20, 2018; TA397-32, filed March 13, 2017; TA390-32, filed March 30, 2016; and TA372-32, filed March 31, 2015.

[12] *See* CINGSA Tariff Sheet No. 80(2)(a).

[13] *See* CINGSA Tariff Sheet Nos. 80 and 81, effective November 18, 2013.

[14] *See* support filed with TA428-32, at Exhibit 4, page 12.

[15] *Id,* at page 11.

[16] *Id,* at page 10.

[17] *Id,* at page 11.

describing and quantifying the refund.[18] Staff notes that the adjustment places downward pressure on HEA's actual balancing account balance. Staff reviewed the support provided by HEA and believes the adjustment has been justified and supported. Therefore, Staff recommends the Commission allow the adjustment to HEA's balancing account balance.

COPA Surcharge Increase (Tariff Sheet No. 86)

As shown on Tariff Sheet No. 86, filed with TA428-32, HEA proposes a COPA surcharge of $0.07767/kWh, which is an increase from the currently approved COPA surcharge of $0.06204/kWh. Table 1 shows the effect of the proposed changes on a sample residential customer billing for 550 kWh usage.

TABLE 1

Sample Residential Customer Billing - 550 kWh Usage

Line	Description	Current Rates	Proposed Rates	Change from Current Rate
1	COPA Surcharge ($/kWh)	$0.06204	$0.07767	$0.01563
2	**550 kWh CUSTOMER BILL**			
3	Customer Charge	$20.00	$20.00	$0.00
4	Energy @ 0.16077/kWh	$88.42	$88.42	$0.00
5	RCC @ 0.000593/kWh	$0.00	$0.00	$0.00
6	COPA Surcharge ($)	$34.12	$42.72	$8.60
7	Total Customer Bill	$142.54	$151.14	$8.60

Factors that may affect the calculation of HEA's COPA include the previous period's balancing account balance, generation efficiency, projected costs and sales, and variances in the credit for billings to special contracts. Changes in these factors frequently offset each other. Any factor that increases the average cost per kWh sold will put upward pressure on the COPA surcharge and any factor that decreases the average cost per kWh sold will put downward pressure on the surcharge. The proposed increase in HEA's COPA is primarily driven by:

(1) An increase in the actual balancing account balance. The actual balancing account balance increased from ($1,971,791) to ($1,431,479).[19] This increase indicates that more costs were incurred than revenues collected. This increase in the actual balancing account balance places upward pressure on the estimated balancing account balance.

(2) An increase in the estimated balancing account balance, from ($1,610,004) to (198,989).[20] This increase is the result of the increase in the

[18] *Id.,* at page 10

[19] *See* side-by-side HEA Tariff Sheet No. 86, TA428-32, attached as LHW- 1, page 1, line 1(a).

[20] *Ibid*.

actual balancing account and projected collections in first quarter 2020.[21] This increase in the estimated balancing account balance places downward pressure on the COPA surcharge.

(3) A decrease in the estimated costs for the period. The estimated costs decreased from $9,357,658 to $8,233,579.[22] This decrease in costs are due to revised 2020 budget figures for fuel (from $7,794,329 to $6,771,444)[23] and a decrease in transportation (from $462,253 to $379,339).[24] This decrease places downward pressure on the COPA surcharge.

(4) The estimated credit offset from revenues generated by economy energy sales remains at $0.[25]

(5) A decrease in the estimated credit offset from billings to special contract customers for the period. The credit from billings to special contracts decreased from $1,628,267 to $1,408,282.[26] This decrease places upward pressure on the COPA surcharge.

(6) A decrease in estimated kWh sales for the period. The estimated kWh sales decreased from 98,635,957 kWh to 85,309,686 kWh.[27] This decrease results in the projected costs being spread over a smaller number of kWh, placing upward pressure on the COPA surcharge.

The downward pressure from the decrease in estimated costs is offset by the upward pressure from the increase in the estimated balancing account balance, the decrease in the estimated special contracts billing, and the decrease in the estimated sales. The overall effect is an increase in HEA's COPA.

The revisions proposed in TA428-32 did not include a change in methodology or new cost element, and as such, HEA implemented the proposed surcharge on April 1, 2020, in accordance with 3 AAC 52.504(b).[28] Staff has reviewed all information and calculations filed in support of TA428-32, and verified that HEA provided all required information. Staff

[21] *See* TA428-32, at Exhibit 1.

[22] *See* side-by-side HEA Tariff Sheet No. 86, Section G(1)(b). Figures are the sum of all costs for each filing.

[23] *Ibid.* Sum of fuel costs for each filing.

[24] *Ibid.* Sum of transportation costs for each filing.

[25] *Id, at* G(1)(c).

[26] *Id, at* G(1)(d).

[27] *Id, at* G(2).

[28] *See* 3 AAC 52.504, *Filing Requirements for Electric Utilities*. 3 AAC 52.504(b) states "An electric utility may implement a COPA filing that does not include a new methodology or cost element immediately upon filing with the Commission. The COPA filing is subject to subsequent review, adjustment, and approval by the Commission."

confirmed that the proposed surcharge was calculated accurately, using HEA's approved methodology,[29] and recommends that the Commission approve Tariff Sheet No. 86.

Calculation of the Value of Fuel from Storage
In order to arrive at the most accurate value for fuel removed from storage and burned by AEEC to produce electricity, HEA uses a weighted average cost of fuel, incorporating the base cost of the natural gas as well as the injection and transportation costs. The quotient of the formula given below is a blended cost per Mcf that is then multiplied by the volume of fuel withdrawn in a given month. That product is then used in the balancing account to record the value of gas from storage.

$$\frac{\text{Value of Gas Currently in Storage} + (\text{Storage Injection Costs} + \text{Overrun Injection Costs}) + (\text{Base Gas Purchased Costs} + \text{Harvest Transport. Costs} + \text{KBPL Transport. Costs}) - \text{Value of Gas Withdrawn}}{\text{Volume of Gas in Storage} + \text{Gross Injection Volume} - \text{Volume of Gas Withdrawn}}$$

Staff has reviewed all costs included in the calculation and verified that there was no double-recovery of costs collected elsewhere in the balancing account calculation.

SFPPR Increase (Tariff Sheet No. 87.1)
As approved with TA391-32,[30] HEA calculates its SFPPR using actual data from the historical three-month period used to project costs and sales in HEA's COPA methodology, and a weighted-average methodology is used to reflect the time HEA spent under the two operating conditions during the historical period.[31] To calculate the component of the SFPPR associated with each condition, the quotient of the variable expenses and the kWh generated or purchased associated with each condition is multiplied by the percent of hours operating under each condition relative to the total number of hours in the period. The results of these calculations for each period are then summed and divided by the quotient of the kWh sold to the kWh generated or purchased during the historical period, to arrive at the SFPPR.

Additionally, with TA391-32, the Commission approved HEA's request for a waiver of the 45-day statutory notice period for future SFPPR filings. This waiver was granted provided the SFPPR revisions were filed with HEA's regular COPA filings and contained no change to the approved SFPPR methodology.[32]

[29] HEA engages the consulting firm of R.W. Beck for the preparation of its annual budget and projections. HEA's 3-month projections are developed using a combination of the average of actual data from the previous 3 months and the budget projections. *See* HEA Tariff Sheet No. 85.1, effective January 2, 2014.

[30] *See* Letter Order No. L1600264, approving TA391-32, issued May 27, 2016.

[31] The factors used to calculate HEA's SFPPR vary depending on whether HEA is operating in normal or islanded (disconnected from the railbelt intertie) conditions. Under normal conditions, HEA's avoided costs will be derived from the fuel and variable expenses associated with Alaska Electric & Energy Cooperative, Inc.'s thermal generation or the cost of purchased power from other interconnected electric utilities. Under islanded conditions, HEA's avoided costs are derived from the cost of Bradley Lake hydroelectric power.

[32] *See* Letter Order No. L1600264, approving TA391-32, issued May 27, 2016.

HEA proposes an SFPPR of $0.084960/kWh, which is an increase from the currently approved SFPPR of $0.07600/kWh.[33] Staff confirmed that the proposed SFPPR was calculated accurately, using HEA's approved methodology, and that the tariff sheet is correct. Therefore, Staff recommends that the Commission approve Tariff Sheet No. 87.1.

CONCLUSION

HEA requests approval of its revised COPA surcharge and SFPPR for the period beginning April 1, 2020. Staff has verified the proposed surcharge and rate were calculated accurately using HEA's approved methodologies, the proper support was filed, and the tariff sheets are correct. Therefore, Staff recommends the Commission approve Tariff Sheet Nos. 86 and 87.1, filed March 31, 2020, by HEA with TA428-32. The effective date of the tariff sheets should be April 1, 2020.

Signature: 

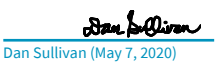
Email: bob.pickett@alaska.gov

Signature: 

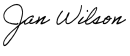
Email: stephen.mcalpine@alaska.gov

Signature: 

Email: antony.scott@alaska.gov

Signature: 

Email: daniel.sullivan@alaska.gov

Signature: 

Email: janis.wilson@alaska.gov

[33] HEA's SFPPR applies to QFs with nameplate capacity of 100 kW or less. *See* side-by-side Tariff Sheet No. 87.1, attached as LHW-1.

RCA No. 32 One Hundred Twenty Fourth Sheet No. 86

Canceling: One Hundred Twenty Third Sheet No. 86

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STATE OF ALASKA
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HOMER ELECTRIC ASSOCIATION, INC.

G. Determination of Cost of Power Adjustment (COPA)

1. Estimated Costs to be recovered through COPA

(a) COPA Balancing Account

Estimated Balance at 12/31/19				(1,610,004)	(R)
Actual Balance at 10/31/19			(1,971,791)		(R)

(b) Estimated Costs from AEEC 1/1/2020 - 3/31/2020

Source	Estimated Quantities (a)		Effective Rate (b)	Cost (a*b)	
Fuel From Hilcorp Gas Supply Agreement (1/2020-3/2024)	1,037,860	Mcf	7.51000	7,794,329	(I)
Fuel From Furie Gas Supply Agreement	0	Mcf	7.04000	0	(R)
Estimated Fuel Transportation Cost	0	Mcf	0.23780	0	
KBPL Transportation Cost	1,037,860	Mcf	0.37060	384,631	(I)
Enstar Transportation	242,086	Mcf	0.16050	38,855	(I)
Enstar Transportation		Mcf	0.00000	0	
Enstar Transportation		Mcf	0.00000	0	
Enstar Fixed Service				37,840	(R)
Transportation Cost From Storage	2,500	Mcf	0.37060	927	(R)
Fuel Withdrawn from Storage	2,500	Mcf	7.31200	18,280	(R)
Capacity Storage Fee				27,434	(R)
Reservation Storage Fee				98,149	(R)
Fuel for Seldovia & Pt Graham Generation	0	Gal	0	0	
Total Fuel Credit & Steam Rights from AEEC				86,667	
Alaska Energy Authority				870,546	(I)
Purchased Power from Other Sources				0	
Spot Purchase of Natural Gas				0	

(c) Revenues from Economy Energy Sales 0

(d) Credit for billings to Special Contracts** (Total bills less contributions to fixed costs) (1,628,267) (R)

(e) Total [(a) + (b) + '(c) + (d)] 6,119,387 (I)

2. Estimated Sales to Non-Contract Customers 98,635,957 (I)

3. COPA billed to Non-Contract Customers (1)/(2) 0.06204 (I)

**SPECIAL CONTRACTS WITH TESORO

Tariff Advice No. 423-32 Effective January 1, 2020

Issued By: HOMER ELECTRIC ASSOCIATION, INC.
Lake Street, Homer, Alaska 99603

By: Bradley P. Janorschke Title: General Manager

RCA No. 32 One Hundred Twenty Fifth Sheet No. 86

Canceling: One Hundred Twenty Fourth Sheet No. 86

TARIFF SECTION
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HOMER ELECTRIC ASSOCIATION, INC.

G. Determination of Cost of Power Adjustment (COPA)

1. Estimated Costs to be recovered through COPA

(a) COPA Balancing Account

Estimated Balance at 3/31/20		(198,989)	(I)
Actual Balance at 1/31/20	(1,431,479)		(I)

(b) Estimated Costs from AEEC 4/1/2020 - 6/30/2020

Source	Estimated Quantities (a)		Effective Rate (b)	Cost (a*b)	
Fuel From Hilcorp Gas Supply Agreement (1/2020-3/2024)	901,657	Mcf	7.51000	6,771,444	(R)
Fuel From Furie Gas Supply Agreement	0	Mcf	7.04000	0	~~(R)~~
Estimated Fuel Transportation Cost	0	Mcf	0.23780	0	
KBPL Transportation Cost	901,657	Mcf	0.37060	334,154	(R)
Enstar Transportation	45,761	Mcf	0.16050	7,345	(R)
Enstar Transportation		Mcf	0.00000	0	
Enstar Transportation		Mcf	0.00000	0	
Enstar Fixed Service				37,840	
Transportation Cost From Storage	0	Mcf	0.37060	0	(R)
Fuel Withdrawn from Storage	0	Mcf	7.31200	0	(R)
Capacity Storage Fee				27,434	
Reservation Storage Fee				98,149	
Fuel for Seldovia & Pt Graham Generation	0	Gal	0	0	
Total Fuel Credit & Steam Rights from AEEC				86,667	
Alaska Energy Authority				870,546	
Purchased Power from Other Sources				0	
Spot Purchase of Natural Gas				0	

(c) Revenues from Economy Energy Sales 0

(d) Credit for billings to Special Contracts** (Total bills less contributions to fixed costs) (1,408,282) (R)

(e) Total [(a) + (b) + '(c) + (d)] 6,626,308 (I)

2. Estimated Sales to Non-Contract Customers 85,309,686 (R)

3. COPA billed to Non-Contract Customers (1)/(2) 0.07767 (I)

**SPECIAL CONTRACTS WITH TESORO

Tariff Advice No. 428-32 Effective April 1, 2020

Issued By: HOMER ELECTRIC ASSOCIATION, INC.
Lake Street, Homer, Alaska 99603

By: Bradley P. Janorschke Title: General Manager

RCA No. 32 Twentieth Revision Sheet No. 87.1

Canceling: Ninteenth Revision Sheet No. 87.1

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STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

HOMER ELECTRIC ASSOCIATION, INC.

SCHEDULE NUMBER 9
SMALL FACILITY POWER PURCHASE RATE (SFPPR)
(continued)

SFPPR CALCULATION

Normal Operating Conditions				
A.	Fuel and expense associated with power purchased from AEEC:	$ 5,198,672		(R)
B.	Purchased power expense from Inter-Utility Purchases:	$ -		(R)
C.	Total of all kWh generated by AEEC & Inter-Utility Purchases:	35,487,061	kWh	(R)
D.	Variable expense associated with AEEC:	0.0172	$/kWh	(I)
E.	% of time in Normal Operating Condition during reporting period:	18.7%		(R)
F.	Normal Condition portion of SFPPR = (((A + B) / C) + D) x E:	0.0305	$/kWh	(R)
Islanded Operation Conditions				
G.	5-Year Average Bradley Lake Cost of Power:	0.04843	$/kWh	
H.	% of time in Islanded Operating Conditions during reporting period:	81.3%		(I)
I.	Islanded Condition portion of SFPPR = (G x H):	0.0394	$/kWh	(I)
Consolidated SFPPR				
J.	Total power purchased and generated:	118,813,457	kWh	(I)
K.	Total power sold:	109,345,078	kWh	(I)
L.	SFPPR = (F + I) / (K / J):	7.600	¢/kWh	(I)

DEFINITIONS

1. Fuel and expense: Fuel, fuel withdrawn from storage, and relevant variable transportation costs related to AEEC
2. Variable Expense: Allocation of operation and maintenance expenses that vary based upon the amount of power produced by AEEC.
3. Normal Condition: The typical operating status of the Association in which AEEC or Inter-Utility purhcases are used to follow customer load.
4. Islanded Condition: An atypical operating status in which the Association is not interconnected with other
5. 5-Year Average Bradley Lake Cost of Power: The 5-year average is used to stabilize the SFPPR, as HEA pays a fixed cost for Bradley expenses each month, while the quantity of power delivered varies.

Tariff Advice No: TA423-32 **Effective:** January 1, 2020

Issued By: HOMER ELECTRIC ASSOCIATION, INC.
3977 Lake Street, Homer, Alaska 99603

By: Bradley P. Janorschke **Title:** General Manager

RCA No. 32 Twenty First Revision Sheet No. 87.1

Canceling: Twentieth Revision Sheet No. 87.1

TARIFF SECTION
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HOMER ELECTRIC ASSOCIATION, INC.

SCHEDULE NUMBER 9
SMALL FACILITY POWER PURCHASE RATE (SFPPR)
(continued)

SFPPR CALCULATION

Normal Operating Conditions				
A.	Fuel and expense associated with power purchased from AEEC:	$ 7,042,675		(I)
B.	Purchased power expense from Inter-Utility Purchases:	$ -		
C.	Total of all kWh generated by AEEC & Inter-Utility Purchases:	70,855,650	kWh	(I)
D.	Variable expense associated with AEEC:	0.0079	$/kWh	(R)
E.	% of time in Normal Operating Condition during reporting period:	46.4%		(I)
F.	Normal Condition portion of SFPPR = (((A + B) / C) + D) x E:	0.0497	$/kWh	(I)
Islanded Operation Conditions				
G.	5-Year Average Bradley Lake Cost of Power:	0.04977	$/kWh	(I)
H.	% of time in Islanded Operating Conditions during reporting period:	53.6%		(R)
I.	Islanded Condition portion of SFPPR = (G x H):	0.0267	$/kWh	(R)
Consolidated SFPPR				
J.	Total power purchased and generated:	131,068,976	kWh	(I)
K.	Total power sold:	117,910,758	kWh	(I)
L.	SFPPR = (F + I) / (K / J):	8.496	¢/kWh	(I)

DEFINITIONS

1. Fuel and expense: Fuel, fuel withdrawn from storage, and relevant variable transportation costs related to AEEC
2. Variable Expense: Allocation of operation and maintenance expenses that vary based upon the amount of power produced by AEEC.
3. Normal Condition: The typical operating status of the Association in which AEEC or Inter-Utility purhcases are used to follow customer load.
4. Islanded Condition: An atypical operating status in which the Association is not interconnected with other
5. 5-Year Average Bradley Lake Cost of Power: The 5-year average is used to stabilize the SFPPR, as HEA pays a fixed cost for Bradley expenses each month, while the quantity of power delivered varies.

Tariff Advice No: TA428-32 **Effective:** April 1, 2020

Issued By: HOMER ELECTRIC ASSOCIATION, INC.
3977 Lake Street, Homer, Alaska 99603

By: Bradley P. Janorschke **Title:** General Manager